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25 JUN 1955

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MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Special Report of Progress

REFERENCE: Survey of the Office of Research and Reports, submitted to the Director by the Inspector General on 7 June 1954.

At your request, I am submitting the following evaluation of ORR's activities in the light of criticisms and recommendations embodied in the referenced survey. I first present a brief general statement of the development and current activities of the three major components of the Office, in order to put the remarks that follow in proper perspective. I then take up specific recommendations raised in the survey.

A. GENERAL

1. With minor exceptions, the survey gave two of the major components of the Office -- the Coordination Area and the Geographic Research Area -- clean bills of health.

a. Coordination Area

The Basic Intelligence Division has been functioning under competent direction for more than 7 years as a centralized staff for the coordination, review, and editing of the NIS. Its Chief, as Coordinator of the NIS Program, has been working closely with CIA planning officials and with members of the NIS Committee in adjusting the scope of specific chapters within the Surveys to reflect fully the needs of the users. A recent example has been the adjustments made in response to USIA requirements.

The EIC Secretariat, also located within this Area, has been active in strengthening the position of the EIC

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as the recognized body for coordinating foreign economic intelligence research within the Government. Teamwork among the various EIC members has greatly improved during the past year, as has the effectiveness of the co-ordinating activities of the EIC subcommittees, although we are still striving for improvement in the substantive competence of representation from the military services.

The Economic Defense Division during 1954 played a major part in supplying intelligence for the East-West trade enforcement program and gave substantial advisory assistance during negotiations on international control lists. The economic defense community has expressed its satisfaction with the support obtained from this Division and other components of ORR.

b. Geographic Research Area

Drawing on over 13 years of uninterrupted operation and experience, the Geographic Research Area has a competent and efficient organization serving the intelligence community. In addition to the professional services of the Cartography and Map Library Divisions, particular recognition during the past two years has been given to the research support provided by the Geography Division to clandestine operational planning and to [REDACTED]

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[REDACTED] studies in support of the Services. The Photo Intelligence Division, although relatively new and with a very modest staff, has rapidly developed into a very vital element for coordination and intelligence support within CIA and the intelligence community.

2. Most of the more critical comments in the referenced survey were directed toward the third major component of the Office -- the Economic Research Area. This Area has had a rather short history of only four years; during this period policies and standards had to be evolved; professional competence had to be developed; and a relatively large organization had to be built from modest beginnings.

The referenced survey was based on findings obtained in the first quarter of calendar year 1954, one year ago.

Six months prior to this survey, the Economic Research Area acquired for the first time a chief, who recognized that the economic research effort required more integration and common guidance. During the four months prior to the survey, the difficult merging of the Strategic Division, which had been functioning quite differently from the other divisions of the Area, was made over loud protests. Furthermore, at the same time the Area was subjected to a series of actions directed toward more effective organization, the establishment of improved research and publication standards, and programming in response to the needs of primary consumers with clearer assignments of responsibility to division chiefs for meeting scheduled commitments. This tightening of control and insistence on assumption of responsibility created momentary antagonisms and incipient rebellion on the part of some personnel. It is not surprising that the Inspector General's staff found some confusion remaining and a lack of understanding among analysts as to what the new goals would be.

I am pleased to report that the tightening of research and intelligence production activity in the Economic Research Area has resulted in the establishment during this past year of an effective, high caliber organization which, with few exceptions, meets its commitments on schedule. It is recognized by the community as the major producer of economic intelligence on the Soviet Bloc and is increasing substantially the competency of its personnel by directed training, by a closely administered promotion policy, and by selective recruitment of exceptionally qualified professional officers to replace outgoing personnel of marginal value. The actions which caused initial discontent have now been recognized as valid and necessary.

3. For several years, intelligence production within the Coordination and Geographic Research Areas has been dictated by interagency production schedules and the priority requirements of requesters. Initially, the economic research of the Office was directed primarily toward the filling of major gaps in intelligence on Soviet Bloc economies with only a relatively small percentage of the total research time being devoted to the immediate needs of consumers. As the research base was developed, more and more attention was given to the priority requests levied for economic intelligence support by the Office of

National Estimates and other priority consumers. By December 1953, a realistic production schedule for economic research was established and over 40 percent of the work within this program was in response to known intelligence needs obtained through a survey of consumer requirements. Scheduled projects under this program were 90 percent fulfilled. Two-thirds of the scheduled projects in the program of the Economic Research Area for Fiscal Year 1955 are in direct support of specified requirements obtained from primary users. About a half of the total available research time is scheduled against these projects. The balance of the research time is utilized in meeting the many unanticipated and "crash" requests for research and for the build-up of the research base essential to the total effort. Experience during the last six months indicates that between 75-85 percent of the total research effort is now being undertaken in response to ONE, DD/P, OCI, EIC, and other primary consumers and includes frequent briefing memoranda for the Director and other officials of the Agency.

B. SPECIFIC

1. Volume and Quality of Economic Intelligence Production. The referenced survey recommended re-examination of the volume and quality of ORR production, with particular reference to reports prepared by the Economic Research Area. During the calendar year 1954, the Economic Research Area produced 160 reports, of which 25 were of code word classification. These reports varied greatly in scope, some being aggregative analyses of Soviet economic capabilities and trends, some concerned with the economic growth of Communist China, and others with individual sectors of Soviet Bloc economies. Over 230 current economic intelligence memoranda were prepared. By far the majority of the reports were based on intensive research and analysis, drawing upon the accumulated experience and increased competency of the economic analysts within the Area. Only by emergency build-up of the Publications Staff during several months in mid-1954 was it possible to attain this high production level.

Every effort has been made during 1954 to focus these reports on intelligence questions, highlighting those findings of major significance. The length of reports is being reduced by the deletion of unnecessary detail. There is no question

that the general quality of the reports and the reliability of the analyses contained therein have improved measurably. The fact that consumers have greatly increased their demands for these reports is in itself a clear indication that the results of the economic research undertaken are useful to the consumers. The approval by the IAC of DCID 15/1, which allocates production of all economic intelligence on the Soviet Bloc to CIA with the exception of certain military economic studies, is a reflection of the increasing confidence of the intelligence community in the economic research conducted in ORR. Many favorable comments have been made by consumers, both orally and in writing, regarding the acceptability and usefulness of current ORR economic intelligence reports. The Directors of [redacted] have personally noted their dependence on these reports and their considered opinion that these reports represent the most useful and highest quality research produced on the economy of the Soviet Bloc within the U.S. intelligence community. To assure continuing evaluation of consumer reaction, formal questionnaires have been issued to all recipients of economic and geographic intelligence reports. Some responses have been received indicating the usefulness of ORR reports. All will be analyzed, and will provide guidance in further evaluation of the adequacy of ORR's reporting.

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2. Support of Current Intelligence. The survey asked that steps be taken to assure that current intelligence from all components of ORR is made available to the Office of Current Intelligence. OCI has expressed many times during 1954 increasing satisfaction with the current economic intelligence support received from the Economic Research Area and other components of ORR. All components of the Geographic Research Area give support to current intelligence activities. This is particularly true of the Geography Division which prepares sections for the Handbook series; of the Photo Intelligence Division which gives frequent and direct support to OCI analysts; and of the Cartography Division which assists in the preparation of the maps and charts for OCI publications. Current intelligence production by the Economic Research Area is in two forms: (a) self-initiated support; and (b) support requested by OCI. The Area now publishes approximately 20 current support memoranda a month on economic intelligence items of significance. They are reported to be increasingly useful to OCI. During the latter

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half of 1954, ORR has provided about one article per month for inclusion in the Current Intelligence Review and has prepared NSC briefings for the DCI. All articles and memoranda on Soviet Bloc economic subjects are coordinated by OCI with ORR. ORR is represented on OCI publication boards and the Pre-Watch Committee and attends the IAC Watch Committee. A number of Current Intelligence Review articles dealing with Soviet Bloc economic matters have been written jointly by ORR and OCI.

3. Supervision in ORR. The survey recommended that the supervision of the Economic Research Area be reviewed and also implied confusion in communication to lower levels. The Chief for Economic Research had been on board only a few months prior to the survey and assumed a position which had not been filled, up to that time. He faced the problem, described earlier, of tightening up the economic research operation. This officer is substantively very competent not only because of training in the economic field but also because of extended experience in performing and directing economic intelligence research elsewhere within the U.S. Government. In October 1954, his original deputy was replaced by a high caliber executive of wide experience who has the necessary traits for developing, more satisfactorily than his predecessor, the close teamwork and esprit de corps necessary for optimum utilization of the professional capabilities found within the Economic Research Area. There is already a highly favorable reaction from division chiefs and analysts alike to this new appointment and to the overall leadership in the Economic Research Area.

Communication to lower levels within the Area has vastly improved. The minutes of the staff meetings held by the Chief for Economic Research, attended by his division and staff chiefs twice each week, have been disseminated to all analysts since 13 July 1954. The meetings cover the complete range of the Economic Research Area activities. They contain items for information, compliance, and action, the latter two directed to staff and division chiefs.

In addition to the personal guidance provided by the Chief for Economic Research in the selected review with individual analysts of their research in progress, formal guidance to analysts has been provided in a series of manuals and research

aids now underway, of which the first issuances are described below. On 5 March 1954, a publication entitled Procedures for Economic Research Area was issued. This publication elaborates on Office regulations and notices and details internal operating procedures for: (a) initiation, submission, review, and disposition of intelligence production; (b) format, content, frequency, and disposition of activity reports; (c) activity of publication officers assigned to division components; (d) procedure for initiation of promotion actions; and (e) the role of analysts in the formalizing of terms of reference for research projects. The first supplement to the above publication entitled ORR Economic Estimates File was issued on 10 May 1954 and was also disseminated to all analysts in the Economic Research Area. This publication delineated the scope, purpose, organization, and detailed operating procedures for the improvement of this vital operation. All the Economic Research Area components contributed to a publication entitled Comments on the Organization and Preparation of Economic Intelligence Reports which was issued on 4 June 1954 and disseminated to all analysts. This publication is a guide to analysts in research and report writing. The publication contains: (a) the definition and scope of categories of intelligence reports; (b) format and content of intelligence reports; and (c) observations on the content of reports with regard to past weaknesses and strengths, with suggested remedies for future research and writing.

The Chief for Economic Research and his immediate staff provided a great deal of direct assistance to the various components while developing the Economic Research Program for Fiscal Year 1955. This involved examination of: (a) performance statistics on past programs; (b) major objectives and rationale of forthcoming programs; (c) commitments, relative priorities, and anticipated due dates; (d) review of estimates by consumers of anticipated support requirements; and (e) formulation of terms of reference for Area-wide projects. The general and specific objectives of individual projects were discussed at joint meetings with the analysts concerned in attendance.

A number of special studies dealing with the utilization of major sources of intelligence information on the Soviet Bloc have also been issued to all analysts.

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4. Staffs of Economic Research Area. The survey, in commenting on the Economic Research Area Staffs, recommended that the review function be transferred from the Planning Staff to the Publications Staff, and that the Support Staff be chiefly concerned with NSA matters. It also questioned the strengths of these staffs -- the Planning Staff, the Publications Staff, and the Support Staff. In discussing these questions, it is appropriate to briefly restate here their respective functions.

The Planning Staff has three distinct components. The first is the Current Support Unit, consisting of five professional personnel engaged in day-to-day liaison with the Office of Current Intelligence. Three individuals have responsibility for current intelligence activities on a regional basis -- the European Satellites, the USSR, and Communist China. This Staff reviews OCI interpretations of current developments within Soviet Bloc economies, attends OCI publication board meetings, and provides representation at the Pre-Watch Committee meetings. It is responsible for the review and preparation for publication of the economic current support memoranda and consequently works closely with analysts in other components of the Economic Research Area. Because of its limited size and the fact that this support is rendered on a six-day a week basis, this unit is consistently faced with a heavy burden of overtime.

The second unit within the Planning Staff is the Accounts Group which also consists of five professional analysts. This Group maintains the Economic Estimates File as a central point of reference for all estimates of Soviet economic activity reflected in the various compilations of Soviet Bloc statistics held in ORR. The reliability of this estimates file has greatly increased during the past year. This Group also provides statistical review of all reports prior to their submission to the Publications Staff. As a result of a review by an ad hoc committee, a statement of mission and functions of the Group was issued on 6 April 1954. Procedures for support of the estimates file were disseminated, as indicated earlier, on 10 May 1954, as the first Supplement to the procedures for the Economic Research Area. During calendar year 1954 the Group reviewed 133 projects for statistical accuracy and prepared two research aids: (a) The ORR Standard Classification of Economic Activities and Factors; and (b) The Presentation of Statistical Data. On 28 October 1954,

the Group was charged with maintenance of a file of agreed estimates coordinated within the EIC subcommittees.

The remainder of the Planning Staff has been reduced in strength since the referenced survey was made. At present there are only three professional positions to provide staff assistance in planning the research program, coordinating research projects requested by consumers, and reviewing completed research manuscripts that are not sent to the Publications Staff. Such manuscripts are contributions to Chapters VI of the NIS, responses to ad hoc requests from DD/P, from D/E/RR, and from the DD/I. One additional professional position on the Staff is occupied by a top flight intelligence officer detailed full time to the National Security Agency to direct a major component of that Agency. Another professional position covers an intelligence officer detailed full time to the Council of Economic Advisors at the request of the White House.

The Publications Staff consists of 13 professional editors and seven non-professional editorial assistants and typists. Within the past six months it was necessary to augment temporarily the size of the Publications Staff by drawing on personnel within the various research divisions. Senior professional publications officers are detailed on practically a full-time basis to the individual divisions of the Economic Research Area. At present, the Publications Staff has sufficient strength for normal requirements but is inadequate for dealing with peak production periods. It cannot be reduced in size without seriously interfering with the quality of research publications. This Staff is now responsible for both editorial and substantive review of all formally published research studies, including RR's, PR's, IM's, and RA's.

The Support Staff consists of nine professional analysts. This Staff maintains the primary administrative liaison for the exploitation of special intelligence material and members are detailed to each of the four research divisions to assist in such problems. The Staff has completed guidance studies dealing with the utilization of special intelligence materials. It has also issued studies setting forth procedures to be followed in exploiting other major sources of intelligence information on the Soviet Bloc, such as [REDACTED] and FDD material. This series of

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studies is being continued and will cover other important organized sources of intelligence information. Upon completion of the series, it is anticipated that the size of the Support Staff will be reduced and some of its personnel transferred to other activities. It should be pointed out that handling of specific and general requirements for the exploitation of these major sources, as well as for field collection, is clearly the responsibility of the Intelligence Information Staff, ORR. Representatives of this latter staff participate in project meetings where sources of information are discussed prior to the levying of requirements for exploitation and collection.

5. Training. The survey recommended that attention be given to effective use of training to improve research, writing, and organization of reports. Over the past year, ORR has carefully considered methods for developing increased competence in research and writing of intelligence. First, greater selectivity has been given to the recruitment of new personnel, with placement of considerable emphasis on demonstrated ability to do complicated research and to communicate results in clear reporting. Furthermore, practically all new personnel, as well as some already on board, have been enrolled in the second half of the Basic Orientation Course which is designed to measure and increase intelligence research and writing abilities. Secondly, by placement of an experienced senior publications officer in each division of the Economic Research Area, it has been possible for individual analysts to obtain direct coaching on organization and writing of manuscripts in early stages of preparation. The Publications Staff has worked closely with the Office of Training in the development of a special course in problems of intelligence writing in which ORR has participated through student enrollment and in the provision of instructors. ORR is currently providing selected officers for the oral briefing courses conducted by the Office of Training. Thirdly, analysts have been encouraged to increase their competence in their respective substantive fields either on their own initiative or by external training under Agency sponsorship, where such enrollment is of direct value to the research effort of the Office. Eight employees of ORR are now engaged in full-time training at Agency expense. In view of the all-source effort of the economic research conducted within ORR, heavy emphasis has been laid on special language training. Of particular interest

has been the series of courses conducted by a language expert at NSA with maximum enrollment by ORR analysts as well as some by OCI and OSI. Approximately 5.7 percent of the time of ORR analysts is devoted to training. The requirements for training are carefully evaluated against the other demands placed upon the Office in carrying out its responsibilities.

6. Military Economics Branch. A suggestion was made in the referenced survey for the merging of the Military Economics Branch into the Capabilities Branch of the Analysis Division of ORR. This Branch is the only research unit in the economic intelligence community that is analyzing the costs, impacts, and economic requirements of various over-all military programs. Its first major contribution was to the NIE on Soviet Guided Missiles. Currently, work is underway on the NIE on Soviet Bloc Air Defense Capabilities and on an EIC study on Soviet economic capabilities to support various military operations. The Branch is seriously understaffed and adjustments will be required during the coming year. The Capabilities Branch, on the other hand, is concerned primarily with aggregative analyses which cover the full span of Soviet economic activities -- military, civilian consumption and investment. The missions of the two branches, therefore, are dissimilar. The fact that quite different personnel in the intelligence community are consulted by the respective branches is a reflection of the real differences in subject matter and methods of research. Consequently, it is not believed that a merger of the two research activities would result in an increase in efficiency or an improvement in the research product.

7. Aircraft Branch. The referenced survey recommended examination of the economic research effort of the Aircraft Branch, with particular reference to the extent this Branch duplicated the work of the Air Targets Division, DI/USAF, on the Soviet Bloc aircraft industries. Informal working level agreements between the two organizations have resulted in a division of labor on basic research. As a result, ORR has been concentrating on input analysis studies covering both material needs and capital equipment requirements, while ATD has been concentrating on estimates of current Soviet aircraft production. ORR continues to devote a modest effort to a review of production estimates, to insure that the figures supplied by the Air Force

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for national intelligence estimates are reasonably correct. It is believed that, to this extent, duplication is justified to insure, insofar as possible, that in this area of high national intelligence importance the best possible estimates are produced. ORR's Aircraft Branch is also carrying out extensive research on the economic aspects of the Soviet guided missile industry of wider scope and depth than the Air Force. During the preparation of the NIE on Soviet capabilities in the field of guided missiles, the chief of the ORR Aircraft Branch served as chairman of an ad hoc committee, composed of IAC representatives, which prepared the economic portion of the draft estimate. This was recognition of the research capability and achievement in ORR. Intelligence on the guided missile industry is of concern to all agencies and transcends the exclusive competence of any single department of the military establishment. In both the fields of aircraft and guided missiles, the economic intelligence research requirements are so great that they require at least as much manpower as the intelligence community is now devoting to the task. The formal coordination of research programs through the responsible Economic Intelligence Subcommittees, plus continuous liaison by counterpart analysts, has reduced duplication to a minimum.

8. Consumer Industries Branch. The survey recommended that a review be made of the mission of the Consumer Industries Branch, particularly with reference to the Agricultural Branch, in order to obtain greater clarification of duties. After intensive study by all concerned, including the Management Improvement Staff, the Consumer Industries Branch in September 1954 was reconstituted and transferred from the Materials Division to the Industrial Division. This reconstitution incorporated the work of the former Consumer Industries Branch of the Materials Division with related elements of the consumer welfare and domestic trade formerly located in the Services Division. Office Notice R31-54, detailing the mission of the Branch, and subsequent memoranda of understanding assure clear definition of the respective responsibilities of the Agricultural Branch and the Consumer Industries Branch in areas of overlapping interests, and of the Analysis and Services Divisions in providing support to the Consumer Industries Branch. The consumer industries problem cuts across many segments of the economy and a perfect organizational solution for research in this area has not been

found. However, the responsibilities of the various components have been fully clarified by the above reorganization and subsequent memoranda.

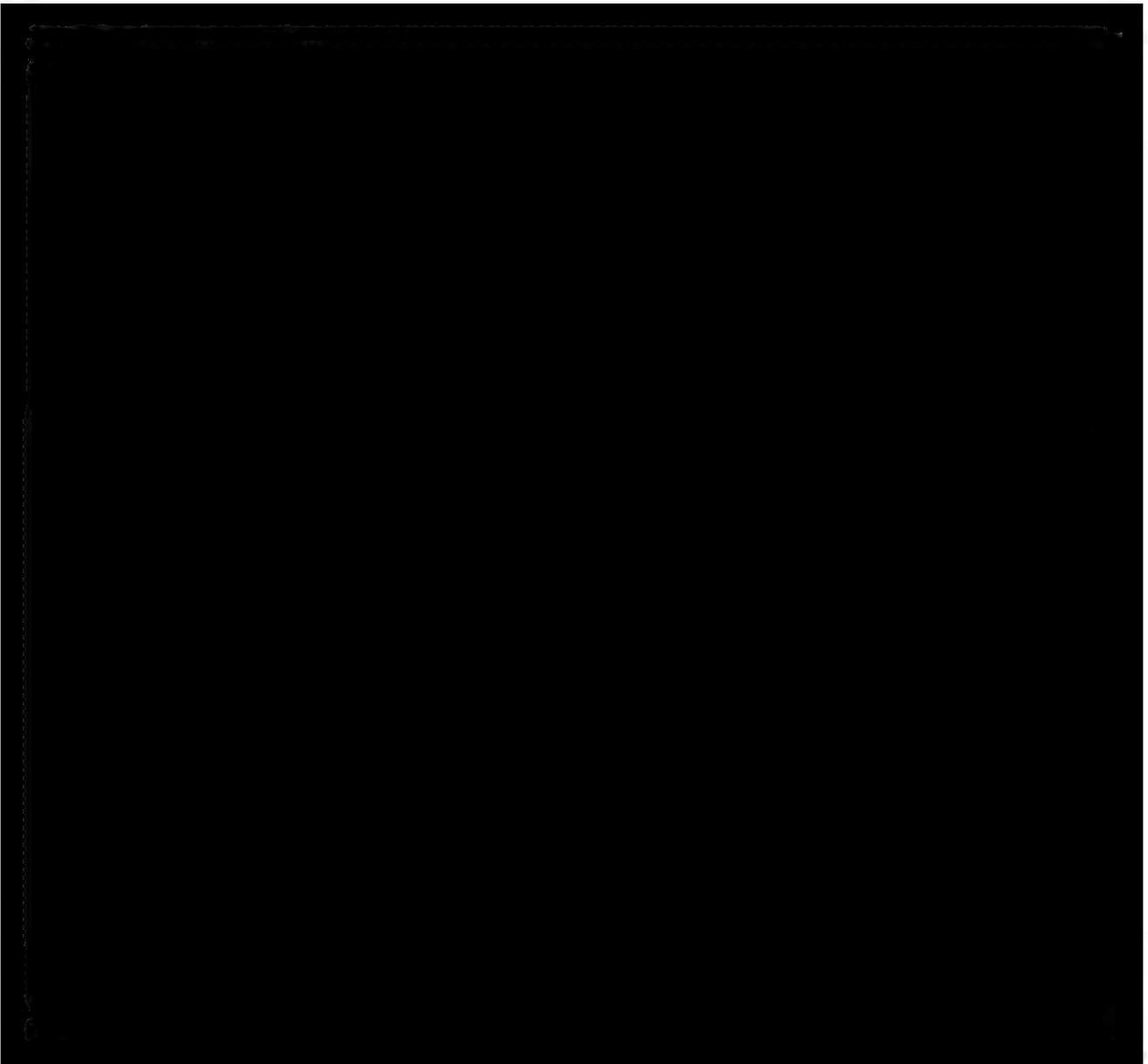
9. Trade Analyses. The survey recommended that confusion regarding responsibilities and performance in the field of trade analysis and research be eliminated. Formal allocation of responsibility for the study of Soviet Bloc foreign trade within the Economic Research Area was made in a memorandum of 10 May 1954. It is clear that these responsibilities are fully recognized by the analysts. The Trade and Finance Branch of the Services Division has responsibility for analytical and aggregative studies on the foreign trade and international finance of the Soviet Bloc countries, while the commodity analysts in other divisions of the Economic Research Area are responsible for estimating imports and exports of the commodities for which they are responsible. Such information for many commodities is scarce and analysts find difficulty in estimating on the basis of inadequate data. Generally, however, the commodity analysts have faced the problem with commendable resolution and good progress has been made in overcoming the difficulties. The analytical and aggregative work of the Trade Branch is progressing satisfactorily and a number of excellent reports have been produced in this field. Because of confusion in following the commodity patterns of Soviet foreign trade which existed between the Economic Defense Division and the Economic Research Area, primary responsibility in this field was transferred completely to the Economic Research Area along with five professional personnel. The Economic Defense Division retained responsibility for coordinating and assuring maximum possible support to the economic defense community from ORR and CIA in these matters. The result has been that competent analysts within the Economic Research Area have contributed much more than formerly to the intelligence support required for economic defense policy formulation and action. Several of these analysts participated in an intelligence advisory capacity in the international negotiations on trade control lists in Paris during the past year and are currently giving active intelligence support to primary reconsiderations of U.S. policy on the China lists.

10. Support to Economic Defense Community. The referenced survey was concerned about the possible inadequacy of intelligence support provided to the economic defense community. In addition to the support mentioned in the previous paragraph, it should be pointed out that ORR, through its Economic Defense Division, maintains one of the two existing files on names and background information regarding individuals and firms known or suspected to be trading illegally with the Soviet Bloc. Commerce maintains the second file and there is close collaboration between Commerce and ORR, to the extent that security permits. Thereby, all available information in the name intelligence field is presented to the Administrative Action Panel of the Economic Defense Advisory Committee. The Executive Committee of EDAC, as well as the entire economic defense community, has expressed its general satisfaction with the day-to-day intelligence support for enforcement which is rendered by the Economic Defense Division to the Diversion Control Net. Attention is currently being given within the Executive Committee of EDAC, and at the instigation of the CIA member, to advanced programming of major intelligence support required in the next several months by the economic defense agencies.

11. Research on Soviet Civil Defense. The survey recommended that responsibility for reporting on Soviet Bloc civil defense be reviewed, with the intimation that research on this subject was wrongly placed and inadequate. ORR has always been cognizant of its responsibility in this field, but has been handicapped by the paucity of information. The function was placed in the Organizations Branch of the Services Division for a very good reason. This Branch studies the organization and management of the Soviet economy both from the point of view of formal organization and the dynamics of the system. Certain Soviet problems studied in this field relate to economic planning, economic decision-making, civil defense (including the problem of maintaining the decision-making process under attack and while recuperating from attack), economic mobilization for war, and management of the Soviet communication system (undertaken in collaboration with the Communications Branch of the Services Division).

During the past year and one half, progress has been made on the study of Soviet civil defense and related pertinent projects on economic mobilization and economic decision-making. The current project on Soviet Bloc civil defense will be used in part as a contribution to NIE 11-5-55 on Soviet Air Defense Capabilities. A number of ad hoc projects on Soviet Bloc civil defense activities have been completed for the Federal Civil Defense Administration and other consumers. The personnel of the Branch are of high caliber and it is believed that this is the only organization in Washington studying Soviet civil defense and related subjects on an all-source basis.

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13. Photo Intelligence. The survey recommended that the Management Improvement Staff undertake a detailed study of the responsibilities assigned to and the services rendered by the Photo Intelligence Division. This study has been made and a draft regulation designating this Division as the focal point for photographic intelligence functions within the Agency and detailing the services rendered has been completed and is under review. In addition, [REDACTED] in his consulting capacity, has surveyed the relationship of the photo intelligence activity to the full exploitation of special intelligence materials, with particular emphasis on current developments of priority significance. As a result of his recommendations, a staff study is in preparation which will recommend a plan for scanning all incoming aerial photography from the point of view of CIA needs and for preparing extracts of photo information as special mission reviews for selected areas of high interest to substantive analysts. As an indication of the increased external coordination initiated by this Division, its members already participate on five interservice technical subcommittees on photo interpretation and will be invited to participate in a new committee being organized within the JCS for the purpose of coordinating requirements for and procurement of aerial photography. Furthermore, the Chief of the Division has very close working relations with those officers within the services and within CIA who are directly concerned with the planning for and receipt of highly sensitive photography. The Division is currently serving all parts of the Agency and has been praised for the effectiveness of its effort. The chief difficulty is the small size of the staff -- a problem that will be discussed in the forthcoming staff study.

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14. Assignment of Geographers Overseas. The survey recommends that, to the extent possible, rotation assignments overseas be used to increase the efficiency of geographers. This Office has not adopted a program of area familiarization tours abroad to train geographers for a variety of reasons, not the least of which is the pressure of commitments for research within the Geography Division. On the other hand, several geographers during the past two years have been sent abroad on specific missions both to assist in the coordination of the [REDACTED] and to instruct posts abroad in the requirements for foreign geographic information and to develop sources therefor. The following PCS and TDY travel has been performed by geographers in 1953 and 1954:

	<u>PCS</u>	<u>Dates</u>	<u>Place</u>
25X1A9a	[REDACTED]	Jun 53 - Jul 55 Jun 53 - Sep 54 Jul 54 - Aug 56	[REDACTED]
			25X1A6a
	<u>TDY</u>		
25X1A9a	[REDACTED]	Apr 53 - Dec 53 Far East Mar 54 - Jul 54 Scandinavia Aug 54 - Oct 54 Western Europe May 53 - Dec 53 Western Europe Mar 54 - Jun 54 Southeast Asia	
25X1C4e	[REDACTED]		

15. Geographic Attaches. The survey recommended that action should be taken to restore the Geographic Attache posts which were eliminated. This question has been thoroughly examined in its relation to the larger problem of Agency policy in supporting overt collection activities. Since the date of the survey, the Department of State's Special Assistant for Maps was successful in establishing a fourth Geographic Attache post in the Far East which is now filled. The Publications Procurement and Geographic Attache Programs are closely related and Agency planning in support of these programs should be coordinated.

16. Ventilation and Lighting in the Map Library. The survey recommended that the ventilation and lighting be improved in the Map Library, which is located in the old [REDACTED] 25X1A6a

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[REDACTED] Efforts to accomplish this have been made repeatedly over several years. General Services and electrical engineers carefully examined the situation and concluded each time that the expense of changing the wiring was prohibitive. Several years ago, and after some insistence, the interior of the Auditorium was painted which did much to improve the situation. The problem of ventilation was successfully solved by providing low floor fans for certain areas. I am informed that the DD/A is planning to move the Map Library to another location, possibly the [REDACTED]

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There are two recommendations in the referenced survey which I have left until last since they do not relate to the work of any one single major component of the Office.

17. Size of the Office. The survey recommended that the size of the Office be examined in the light of its overall activity. First, it should be pointed out that the ceiling imposed upon the Office has been substantially reduced since the survey was undertaken. The personnel ceiling on 1 January 1954 was 885; on 1 July 1954 it was 877; and on 1 January 1955 it was 859. The Office is continually examining the distribution of its capabilities and the structure of its staffing pattern not only to comply with Agency policy but also to adjust as best possible to reductions in personnel ceilings and to obtain maximum efficiency with the resources available. The following statistics reflect the reductions and shifts in professional personnel ceilings that have been made in certain of the critical components of the Office:

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Economic Research Area	
Techniques & Methods Division	
Economic Defense Division	
Basic Intelligence Division	
Geography Division	



It will be noted that there has been no change in the Basic Intelligence Division. Its personnel strength is barely sufficient to carry out its responsibilities for publication of the NIS on a

sustained basis. Neither has there been a change in the personnel strength of the Geography Division which consistently is heavily committed on sustained projects for the NIS Program and on support for covert planning and operations. Some of the reduction in ceiling was absorbed by the Economic Research Area. It is having to cut back significantly in its basic programmed research, particularly in view of the increased demands from priority consumers for support that requires substantial all-source economic research. Competence in the exploitation and analysis of special intelligence material has increased during the past year and is reflected in the quality of ORR's economic reporting. This effort is seriously handicapped by the inadequacy of professional personnel resources for full exploitation of this material.

The personnel strength of the Economic Research Area should be viewed with recognition that the intelligence community as a whole looks upon ORR as the primary producer of intelligence on the Soviet Bloc economies, and that the economic defense agencies turn to ORR for intelligence support on matters relating to Soviet Bloc activities. DCID 15/1 places heavy responsibility on the Office as well as on the Economic Research Area and the EIC Secretariat. When one thinks of the large numbers of professional government employees required to watch developments within our own U.S. economy and the additional numbers involved studying economies of friendly foreign lands where data are readily available, the intelligence produced by ORR on the Soviet Bloc economies, on which data are so hard to come by, is a real accomplishment in view of the modest number of professional persons involved in this effort.

18. Deputy for the Assistant Director. The survey recommends that consideration be given to the appointment of a Deputy to the Assistant Director/RR. As stated in the memorandum accompanying the referenced survey, the three Area Chiefs are essentially Deputy Assistant Directors. The Chief for the Economic Research Area has performed very satisfactorily as Acting Assistant Director during two extended absences of the Assistant Director in the past year. These Area Chiefs are delegated major responsibility for the operation of the various divisions and staffs within their components. The

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Assistant Director maintains three Office staffs, an Executive, and a Special Assistant to relieve him of problems not requiring his attention. In case the present structure of the Office with its three major Area components requires change as the activities of the Office develop, careful reconsideration will be given to the advisability of establishing a Deputy position.

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OTTO E. GUTH
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Research and Reports